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ELLSWORTH C. ALVORD (1964)

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GEORGE JOHN KETO\*\*  
RICHARD N. BAGENSTOS

\* NOT A MEMBER OF D.C. BAR  
\*\* ALSO A MEMBER OF OHIO BAR

LAW OFFICES  
ALVORD AND ALVORD

200 WORLD CENTER BUILDING

918 SIXTEENTH STREET, N.W.

WASHINGTON, D.C.

20006-2973

OF COUNSEL  
JESS LARSON  
JOHN L. INGOLDSBY  
URBAN A. LESTER

13927

RECORDATION NO. 1425 CABLE ADDRESS  
"ALVORD"

TELEPHONE  
AREA CODE 202  
393-2266

January 27, 1983 1983-2 20 PM

INTERSTATE COMMERCE COMMISSION

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Ms. Agatha L. Mergenovich  
Secretary  
Interstate Commerce Commission  
Washington, D.C.

1-0272053

50.00

Dear Ms. Mergenovich:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. §11303(b) and the Rules for the Recordation of Documents (as revised) are four fully executed copies of a Security Agreement dated as of January 15, 1983.

A general description of the railroad rolling stock covered by the enclosed document is:

Thirty (30) railroad tank cars manufactured by ACF Industries Incorporated bearing identifying mark and numbers WFIX 201 through WFIX 230, both inclusive.

The names and addresses of the parties to the enclosed document are:

Debtor: WFIX Partners  
c/o Wilsey Foods, Inc.  
633 Mission Road  
Los Angeles, California 90023

Secured  
Party: Golden State Sanwa Bank  
300 Montgomery Street  
San Francisco, California 94104

The undersigned is agent for the Debtor named above for the purpose of submitting the enclosed document for filing and recordation.

RECEIVED  
JAN 27 12 15 PM '83  
FEE OPERATION BR.

*C. D. Kappler*

Ms. Agatha L. Mergenovich  
Secretary  
Interstate Commerce Commission  
January 27, 1983  
Page Two

Kindly return the stamped copies of the enclosed document not needed for your records to Charles T. Kappler, Esq., Alvord and Alvord, 918 Sixteenth Street, N.W., Washington, D.C. 20006.

Also enclosed is a check in the amount of \$50 payable to the order of the Interstate Commerce Commission covering the required recordation fee.

Very truly yours,

  
Charles T. Kappler

**Interstate Commerce Commission**  
Washington, D.C. 20423

1/27/83

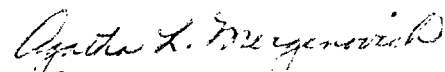
OFFICE OF THE SECRETARY

**Charles T. Kappler, Esq.**  
**Alvord & Alvord**  
**918 16th. Street, N.W.**  
**Washington, D.C. 20006-2973**

Dear **Sir:**

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on **1/27/83** at **12:20pm**, and assigned re-recording number(s). **13927**

Sincerely yours,

  
Agatha L. Mergenovich  
Secretary

Enclosure(s)

13927

REGISTRATION NO. .... Filed 1425

JAN 27 1983 - 2 20 PM

INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT

Dated as of January 15, 1983

FROM

WFIX PARTNERS

DEBTOR

TO

GOLDEN STATE SANWA BANK

SECURED PARTY

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## SECURITY AGREEMENT

THIS SECURITY AGREEMENT dated as of January 15, 1983 (the "Security Agreement") from WFIX PARTNERS, a California limited partnership, whose general partner is Wilsey, Bennett Co., a California corporation (the "General Partner") and whose post office address is c/o Wilsey Foods, Inc., 633 South Mission Road, Los Angeles, California 90023 (the "Debtor"), to GOLDEN STATE SANWA BANK, a California banking corporation, whose post office address is 300 Montgomery Street, San Francisco, California 94104 (the "Secured Party").

### RECITALS:

A. The Debtor is the owner of thirty (30) railroad tank cars described in Appendix 1 attached hereto (collectively the "Equipment" and individually an "Item" or "Item of Equipment") manufactured by ACF Industries (the "Manufacturer"). The Equipment has been accepted by a manager pursuant to a Railcar Management Agreement dated as of January 15, 1983 (the "Management Agreement") between the Debtor, as owner, and Wilsey Foods, Inc., a Delaware corporation, as manager (the "Manager"), which Equipment has been leased by the Manager pursuant to the terms of the Management Agreement to Cargill, Inc., a Delaware corporation (the "Lessee"), under a lease agreement dated September 1, 1982 between Debtor and the Lessee (the "Lease") a copy of which is attached as Exhibit B to the Term Loan Agreement (as hereinafter defined).

B. The Debtor and the Secured Party have entered into a Term Loan Agreement dated as of January 15, 1983 (the "Term Loan Agreement") pursuant to which the Secured Party shall lend to the Debtor a portion of the purchase price of the Equipment. The obligation of the Debtor to repay such loan is evidenced by the Note (as defined in the Term Loan Agreement).

C. The Note and all principal thereof and interest thereon and all additional amounts and other sums at any time due and owing from or required to be paid by the Debtor under the terms of the Note, this Security Agreement or the Term Loan Agreement are hereinafter sometimes referred to as the "Indebtedness."

D. All of the requirements of law have been fully complied with and all other acts and things necessary to make this Security Agreement a valid, binding and legal instrument for the security of the Indebtedness have been done and performed.

## SECTION 1. GRANT OF SECURITY.

The Debtor in consideration of the premises and of the sum of Ten Dollars (\$10) received by the Debtor from the Secured Party and other good and valuable consideration, receipt whereof is hereby acknowledged, and in order to secure the payment of the principal of and interest on the Note according to its tenor and effect, and to secure all obligations of the Debtor arising under and pursuant to the Term Loan Agreement, and to secure the payment of all other Indebtedness and the performance and observance of all covenants and conditions in the Note, in this Security Agreement, and in the Term Loan Agreement contained does hereby convey, warrant, mortgage, assign, pledge and grant the Secured Party, its successors in trust and assigns, a security interest in all and singular of the Debtor's right, title and interest in and to the properties, rights, interests and privileges described in Sections 1.1, 1.2 and 1.3 hereof (all of which properties hereby mortgaged, assigned and pledged or intended so to be are hereinafter collectively referred to as the "Collateral").

1.1 Equipment Collateral. The Collateral includes the Equipment described in Appendix 1 attached hereto, together with all accessories, equipment, parts and appurtenances appertaining or attached to any of the Equipment hereinabove described, whether now owned or hereafter acquired, and all substitutions, renewals or replacements of and additions, improvements, accessions and accumulations to any and all of the Equipment, together with all the rents, issues, income, profits and avails therefrom.

1.2 Rental Collateral. The Collateral also includes all rights of the Debtor as lessor under the Lease and any other lease of any Item of Equipment existing as of the date hereof or entered into in the future and any guaranty of such lease obligations existing on the date hereof or entered into in the future (the "Assigned Leases"), and all rents and other sums due and to become due thereunder, including any and all extensions or renewals thereof insofar as the same cover or relate to the Equipment; it being the intent and purpose hereof that the assignment and transfer to the Secured Party of said rents and other sums due and to become due under the Assigned Leases shall be effective and operative immediately and continue in full force and effect and the Secured Party shall have the right to collect and receive said rents and other sums for application in accordance with the provisions of Section 4 hereof at all times during the period from and after the date of this Security Agreement until the Indebtedness has been fully paid

and discharged; provided, however, that (a) so long as no Default or Event of Default (as hereinafter defined) shall have occurred and be continuing, the Debtor shall be entitled to collect and receive all such sums and (b) in the event that a Default or Event of Default shall have occurred and be continuing, all such payments shall be made directly to the Secured Party, and the Debtor covenants and agrees that it will notify each lessee under the Assigned Leases of such assignment and direct each such lessee to make all such payments of such rental and other sums due and to become due to the Secured Party.

1.3 Management Agreement Collateral. Collateral also includes the Management Agreement and all rights and entitlements of the Debtor under the Management Agreement and any other agreement for the management of the Equipment which may be entered into in the future (the "Assigned Management Agreements"); it being the intent and purpose hereof that the assignment and transfer to the Secured Party of said Assigned Management Agreements and the rights of the Debtor thereunder shall be effective and operative immediately and continue in full force and effect and the Secured Party shall have the right to collect and receive any payments due under said Assigned Management Agreements for application in accordance with the provisions of Section 4 hereof at all times during the period from and after the date of this Security Agreement until the Indebtedness has been fully paid and discharged; provided, however, that (a) so long as no Default or Event of Default shall have occurred and be continuing, the Debtor shall be entitled to collect and receive all such sums, and (b) in the event that a Default or Event of Default shall have occurred and be continuing, all such payments shall be made directly to the Secured Party, and the Debtor covenants and agrees that it will notify each party to each Assigned Management Agreement of such assignment and direct such parties to make all such payments of such sums due and to become due to the Secured Party.

1.4. Collateral Documents. The Assigned Leases and the Assigned Management Agreements are sometimes hereinafter referred to as the "Collateral Documents". With respect to any Collateral Document, the Secured Party shall have all rights of the Debtor thereunder including, without limitation:

(a) the right to make waivers and agreements and enter into any amendments relating to any Collateral Document or any provisions thereof; and

(b) the right to take such action upon the occurrence of a default or event of default under any Collateral Document, including the commencement, conduct and confirmation

of legal, administrative or other proceedings, as shall be permitted by such Collateral Document or by law, and to do any and all things whatsoever which the Debtor is or may be entitled to do under the Collateral Document; provided, however, that so long as no Event of Default or event which with the lapse of time or the giving of notice or both would become such an Event of Default shall have occurred and be continuing, the Secured Party shall make no such waivers, agreements or amendments or take no such actions without the written consent of the Debtor.

1.5. Limitations to Security Interest. The security interest granted by this Section is subject to the lien of current taxes and assessments not in default (but only if such taxes are entitled as a matter of law to priority over the security interest granted hereunder or, if delinquent, the validity of which is being contested in good faith ("Permitted Encumbrances")).

1.6. Duration of Security Interest. The Secured Party, its successors in trust and assigns shall have and hold the Collateral forever; provided always, however, that such security interest is granted upon the express condition that if the Debtor shall pay or cause to be paid all the Indebtedness and shall observe, keep and perform all the terms, conditions, covenants and agreements herein, in the Term Loan Agreement, and the Note contained, then, subject to the provisions of Section 1.7 hereof these presents and the estate hereby granted and conveyed shall cease and this Security Agreement shall become null and void; otherwise, to remain in full force and effect.

1.7. Continuation of Term of this Security Agreement. This Security Agreement shall remain in effect until at least ninety (90) days after all the Indebtedness has been paid in full. If within ninety (90) days of such final payment no petition is filed by or against the Debtor, the General Partner or any Major Limited Partner of the Debtor (as defined in the Term Loan Agreement) pursuant to the United States Bankruptcy Code, as amended (the "Bankruptcy Act"), then this Security Agreement and the rights hereby granted shall cease, determine and be void.

## SECTION 2. COVENANTS AND WARRANTIES OF THE DEBTOR.

The Debtor covenants, warrants and agrees as follows:

2.1. Debtor's Duties. The Debtor covenants and agrees to perform, abide by and to be governed and restricted by each and all of the terms, provisions, restrictions, covenants and agreements set forth in the Term Loan Agreement,



and in each and every supplement thereto or amendment thereof which may at any time or from time to time be executed and delivered by the parties thereto or their successors and assigns, to the same extent as though each and all of said terms, provisions, restrictions, covenants and agreements were fully set out herein and as though any amendment or supplement to the Term Loan Agreement were fully set out in an amendment or supplement to this Security Agreement.

2.2. Warranty of Title. The Debtor has the right, power and authority to grant a security interest in the Collateral to the Secured Party for the uses and purposes herein set forth; and the Debtor will warrant and defend the title to the Collateral against all claims and demands of persons claiming by, through or under the Debtor. Without limiting the foregoing, there is no financing statement or other instrument giving notice of any security interest in which the Debtor is named as debtor, or which the Debtor has filed as debtor, now on file in any public office covering any of the Collateral, excepting the financing statements and other instruments filed or to be filed in respect of and for the security interest provided for herein.

2.3. Further Assurances. The Debtor will, at its own expense, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers and assurances necessary or proper for the perfection of the security interest being herein provided for in the Collateral, whether now owned or hereafter acquired. To the extent permitted by applicable law, the Secured Party may at any time file financing statements with respect to the Collateral without the signature of the Debtor. Without limiting the foregoing but in furtherance of the security interest herein granted in the rents and other sums due and to become due under the Collateral Documents, the Debtor covenants and agrees that upon written request of the Secured Party it will notify all parties to the Collateral Documents of such assignment and, subject to the provisions of Section 1.2(a) hereof, direct such parties to make all payments of such rents and other sums due and to become due under the Collateral Documents directly to the Secured Party.

2.4. After-Acquired Property. Any and all property described or referred to in the granting clauses hereof which is hereafter acquired by the Debtor shall ipso facto, and without any further conveyance, assignment or act on the part of the Debtor or the Secured Party, become and be subject to the security interest herein granted as fully and completely as though specifically described herein, but nothing in this Section contained shall be deemed to modify or change the obligation of the Debtor under Section 2.3 hereof.

2.5. Recordation and Filing. The Debtor will cause this Security Agreement and all supplements hereto, the Assigned Leases and all supplements thereto, and all supplements thereto and the Leases and all financing and continuation statements and similar notices required by applicable law, at all times to be kept, recorded and filed at its own expense in such manner and in such places as may be required by law in order fully to preserve and protect the rights of the Secured Party hereunder, and will at Debtor's own expense furnish to the Secured Party promptly after the execution and delivery of this Security Agreement and of each supplemental security agreement an opinion of counsel stating that in the opinion of such counsel this Security Agreement or such supplement (or a financing statement in respect thereof), as the case may be, has been properly recorded or filed for record so as to make effective of record the security interest intended to be created hereby, and stating the requirements of applicable law with respect to the re-recording or re-filing of this Security Agreement and of each supplemental security agreement (or continuation statements or similar notice thereof to the extent permitted or required by applicable law) prior to the final maturity date of the Note in order to maintain the lien and security interest granted thereunder in full force and effect as against creditors of and purchasers from the Debtor.

2.6. Modification of the Collateral Documents.

The Debtor will not:

(a) declare a default or exercise the remedies under, or terminate, modify or accept a surrender of, or offer or agree to any termination, modification, surrender or termination of, the Collateral Documents (except as otherwise expressly provided in Section 3.2 hereof) or by affirmative act consent to the creation or existence of any security interest or other lien to secure the payment of indebtedness upon the leasehold estate created by the Assigned Leases or any part thereof or any other interest of the Debtor in the Collateral Documents;

(b) receive or collect or permit the receipt of collection (except by the Secured Party hereunder) of any payment under any Collateral Document prior to the date for payment thereof provided for by such Collateral Document, or assign, transfer or hypothecate (other than to the Secured Party hereunder) any payment then due or to accrue in the future under any Collateral Document in respect of the Equipment or otherwise; or

(c) sell, mortgage, transfer, assign or hypothecate (other than to the Secured Party hereunder) its interest in the Equipment or any part thereof or in any amount to be received by it from the use or disposition of the Equipment.

2.7. Power of Attorney in Respect of the Collateral Documents. Subject to the provisions of Section 1.2(a) hereof, the Debtor does hereby irrevocably constitute and appoint the Secured Party its true and lawful attorney with full power of substitution for it and in its name, place and stead, to ask, demand, collect, receive, receipt for, sue for, compound and give acquittance for any and all rents, income and other sums which are assigned under Sections 1.1, 1.2 and 1.3 hereof with full power to settle, adjust or compromise any claim thereunder as fully as the Debtor could itself do, and to endorse the name of the Debtor on all commercial paper given in payment or in part payment thereof, and in its discretion to file any claim or take any other action or proceedings, either in its own name or in the name of the Debtor or otherwise, which the Secured Party may deem necessary or appropriate to protect and preserve the right, title and interest of the Secured Party in and to such rents and other sums and the security intended to be afforded hereby.

2.8. Limitation on Prepayment. Except to the extent expressly provided for in this Security Agreement and the Term Loan Agreement, the Debtor agrees that the Note shall not be subject to prepayment or redemption in whole or in part at the option of the Debtor prior to the expressed maturity date thereof.

2.9. Notice of Default. The Debtor further covenants and agrees that it will give the Secured Party prompt written notice of any event or condition constituting a default or event of default under any Collateral Document or of any Default or Event of Default hereunder if the Debtor has actual knowledge of such event or condition.

2.10. Maintenance of Existence. The Debtor will preserve and keep in full force and effect its existence, rights and franchises and all licenses and permits necessary to the performance of its obligations hereunder and under the Term Loan Agreement. So long as any Indebtedness remains unpaid, no amendment or modification to the Limited Partnership Agreement shall be made which would in any manner adversely affect the rights or interests of the Secured Party without the prior written consent of the Secured Party.

2.11. Restrictions on Mergers, Consolidations and Sales of Assets. Except upon the prior written consent of the

Secured Party, the Debtor shall not sell, transfer or otherwise dispose of all or a substantial portion of its property or assets to any person, firm or corporation.

2.12. Maintenance. The Debtor agrees that it will maintain and keep each Item of Equipment (including any parts installed or replacements made to any Item of Equipment and accessions thereto) in good operating order, repair and condition and eligible for railroad interchange in accordance with the Interchange Rules of the Association of American Railroads and in full compliance with any applicable laws, rules, regulations or standards which may be promulgated by the Department of Transportation, the Federal Railroad Administration, the Interstate Commerce Commission or other applicable regulatory body or any successor, agency or party thereto, any insurance company insuring such Item of Equipment, and any higher standards as required by any lease of such Item of Equipment.

2.13. Marking of Equipment. The Debtor will promptly cause each Item of Equipment to be numbered and to be kept numbered with the identifying number set forth in Appendix 1 attached hereto, or in the case of any Item not there listed such identifying number as shall be set forth in any amendment or supplement hereto extending the Security Agreement to cover such Item of Equipment, and will use its best efforts to place, keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Item, in letters not less than one inch in height, the words, "OWNED BY WFIX PARTNERS, AND SUBJECT TO A SECURITY AGREEMENT FILED WITH THE INTERSTATE COMMERCE COMMISSION", or other appropriate words designated or approved by the Secured Party, with appropriate changes thereof and additions thereto as from time to time may be required by law or reasonably requested in order to protect the Secured Party's security interest in such Item and the rights of the Secured Party under the Security Agreement under the laws of the United States of America. The Debtor will promptly replace or cause to be replaced any such name or words which may be removed, defaced, obliterated or destroyed. The Debtor will not change or authorize to be changed the identifying number on any Item of Equipment unless and until (a) a statement of new number or numbers to be substituted therefor shall have been filed with the Secured Party and filed, recorded and deposited by the Debtor in all public offices where the Security Agreement shall have been filed, recorded and deposited and (b) the Debtor shall have furnished to the Secured Party an Opinion of counsel (as hereinafter defined) to the effect that such statement has been so filed, recorded and deposited, such filing, recordation and deposit will protect the Secured Party's security interest in such Item of Equipment, and no filing, recording,

deposit or giving of notice with or to any other Federal, state or local government or agency thereof is necessary to protect the interest of the Secured Party in such Item of Equipment under the laws of the United States of America.

Except as provided in this Section, the Debtor will not authorize the name of any person, association or corporation to be placed on any Item of Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Debtor may authorize the Equipment to be lettered with the names, trademarks, initials or other insignia customarily used by a Lessee or its affiliates on railroad equipment used by it of the same or similar type for convenience of identification of its right to use the Equipment under a Lease, and the Equipment may be lettered in an appropriate matter for convenience of identification of the interest of such Lessee therein.

2.14. Insurance of Equipment. The Debtor will at all times during the period that any indebtedness hereby secured is outstanding cause to be carried and maintained physical damage, casualty insurance ("Casualty Insurance") and public liability insurance. Such insurance policy or policies shall provide coverage at least equal to the following:

(a) with respect to Casualty Insurance, against all risks as insured under the standard railroad rolling stock policy form, in an amount not less than the original invoice price of each Item of Equipment and in an amount not less than Five Hundred Thousand Dollars (\$500,000) per occurrence (with a deductible amount not in excess of five percent (5%) of the insured value of each Item per occurrence) and in any event for each Item not less than the Casualty Value hereof (as defined in Section 4.1 hereof); and

(b) with respect to liability insurance, coverage of not less than Five Million Dollars (\$5,000,000) per occurrence with a deductible of not more than One Thousand Dollars (\$1,000) per occurrence.

The proceeds of policies required to be maintained pursuant to this Section shall be payable to the Debtor and the Secured Party as their interests may appear. Any policies of insurance carried in accordance with this Section shall (i) require thirty (30) days prior notice of cancellation or material change to the Secured Party, (ii) name the Secured Party as an additional named insured (or in the case of Casualty Insurance, loss payee) as its interest may appear, (iii) insure the interest of the Secured Party regardless of any breach or violation by the Manager or the Debtor of any warranties, declarations or conditions contained in any such policy,

(iv) provide that all provisions of such policies, except limits of liability, will operate in the same manner as if there were a separate policy covering each insured and (v) provide for payment of casualty insurance proceeds to the Secured Party under a standard mortgage loss payable clause; provided, however, that so long as no Event of Default or any event which with the lapse of time or the giving of notice or both could become an Event of Default shall have occurred and be continuing, losses of amounts less than (\$10,000) may be paid directly to the Debtor. No such policy shall require co-insurance or assume any contracted coverage for whatever reason.

2.15. Liens. The Debtor shall promptly pay and discharge all personal property taxes and other taxes, charges, assessments and levies of whatever kind or nature imposed upon or against the Equipment subject hereto or upon or with respect to the use or operation thereof which if unpaid might become a lien upon or against any of the Equipment or any part thereof, or the Debtor's interest in any of the Collateral Documents or the payments due or to become due thereunder, or any part thereof.

The Debtor will not directly or indirectly create, permit or suffer to be created or to remain, and will pay or discharge any and all claims made by any party arising from, through or under the Debtor or the Manager or their respective successors or assigns which, if unpaid, might become a lien, charge, security interest or other encumbrance on or with respect to any Item of Equipment or any part thereof subject hereto, or the Debtor's interest in the Equipment or in any Collateral Document or the payment due and to become due thereunder or any part thereof, other than Permitted Encumbrances, and will promptly discharge any such lien, charge, security interest or other encumbrance which arises.

The Debtor shall not be required to pay or discharge any such tax, charge, assessment, claim, lien or other encumbrance so long as: (a) the validity thereof shall be tested in good faith and by appropriate legal proceedings in any reasonable manner, (b) prompt notice of such contest is given to the Secured Party, (c) the nonpayment or nondischarge of such tax, charge, assessment, claim or lien does not materially adversely affect the interest of the Debtor or the security interest or rights of the Secured Party in or to the Equipment or the proceeds thereof or any other rights of the Secured Party under this Agreement or in and to any Collateral Documents and (d) the Debtor shall have furnished the Secured Party an opinion of counsel to the effect set forth in clause (c) of this paragraph.

2.16. Compliance with Laws and Rules. The Debtor agrees to comply, and to cause each Lessee to comply, in all respects (including, without limitation, with respect to the use, maintenance and operation of each Item of Equipment) with laws, rules, regulations and ordinances of the jurisdictions in which its operations involving the Items of Equipment may extend, including, without limitation the Interchange Rules of the Association of American Railroads and with all rules of the Federal Railroad Administration, the United States Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over any Item of Equipment, to the extent that such laws, rules, regulations and ordinances affect the title, operation or use of the Items of Equipment, and in the event that such laws, rules, regulations or ordinances require any alteration, replacement, modification or addition of or to any part of any Item of Equipment (a "Required Alteration"), the Debtor will fully conform therewith and perform or cause to be performed any such Required Alteration by any required date of compliance; provided, however, that the Debtor shall not be required to comply with any such law, rule, regulation or ordinance so long as (a) the validity thereof shall be contested in good faith by appropriate legal proceedings in any reasonable manner, (b) prompt notice of such contest is given to the Secured Party, (c) such contest does not materially adversely affect the interest of the Debtor, the security interest or rights of the Secured Party in or to the Equipment or proceeds thereof or any rights of the Secured Party under this Security Agreement or in and to the Collateral Documents and the payments due or to become due thereunder and (d) the Debtor shall have furnished the Secured Party an Opinion of Counsel to the effect set forth in clause (c) of this paragraph.

2.17. Maintenance of Collateral Documents. The Debtor will maintain the validity and effectiveness of the Collateral Documents. If directed by the Secured Party, the Debtor will diligently enforce the Debtor's rights under the Collateral Documents in accordance with their respective terms and will take such action to that end in the manner as from time to time may be directed by the Secured Party. If any other party to any Collateral Document shall fail to perform any act required to be performed thereunder or shall otherwise default in any of its obligations thereunder, the Debtor will give notice of such failure or default to the Secured Party promptly after obtaining knowledge thereof. The Debtor will not (a) discharge or terminate any Collateral Document or consent or accept or permit any discharge or termination thereof, (b) amend, modify or otherwise change any term thereof, (c) give any waiver or consent or approval thereunder

or (d) take any other action in connection therewith if it shall not have received the written approval of the Secured Party.

2.18. Possession of Equipment; Leases. Except as provided in this Section, the Debtor will not assign or transfer its rights hereunder, or transfer or lease the Equipment or any part thereof, or part with possession of, or suffer or allow to pass out of its possession or control, any of the Equipment, or assign, pledge, transfer or otherwise dispose of any of its rights under any Collateral Document without the prior written consent of the Secured Party. So long as an Event of Default shall not have occurred and be continuing, the Debtor shall be entitled to the possession and use of the Equipment in accordance with the terms hereof and of the Management Agreement, and may also lease to others all or part of the Equipment pursuant to Leases substantially in the form of Lease attached as Exhibit B to the Term Loan Agreement, but only upon and subject to the terms and conditions of this Security Agreement and subject to the rights of the Secured Party hereunder; provided that the Debtor or its lessees shall use the Equipment only within the United States; and that neither the Debtor nor its lessees shall use the Equipment outside the United States without the prior written consent of the Bank.

2.19. Reports.

(a) On or before May 1 of each year commencing with the calendar year 1983, the Debtor will furnish the Secured Party an accurate statement (i) setting forth as at the previous December 31 the amount, description and numbers of all Items of Equipment that have suffered a Casualty Occurrence (as defined in Section 4.1 hereof) and the numbers of all Items that have suffered a Casualty Occurrence during the preceding calendar year (specifying the dates of such Casualty Occurrence) or to the knowledge of the Secured Party are then undergoing repairs (other than running repairs) or are then withdrawn from use pending repairs (other than running repairs) or any substantial modification and such other information regarding the condition and state of repair of the Items as the Secured Party may reasonably request, (ii) stating that, in the case of all items repainted, modified or repaired to the Debtor's knowledge during the period covered by such statement, the numbers and markings required by Section 2.13 hereof have been preserved or replaced and (iii) describing all Assigned Leases relating to the Equipment, the lessees under such Assigned Leases and the Items of Equipment leased under each of such Assigned Leases.



(b) The Debtor, or the General Partner on behalf of the Debtor, will deliver to the Secured Party:

(i) Quarterly Statements as soon as practicable after the end of each quarterly fiscal period in each fiscal year of the Debtor and of the General Partner and in any event within forty-five (45) days thereafter, duplicate copies of:

(A) a balance sheet of the Debtor and of the General Partner as at the end of such quarter, and

(B) a statement of income and surplus of the Debtor and of the General Partner for such quarter and (in the case of the second and third quarters) for the portion of the fiscal year ending with such quarter,

all in reasonable detail and certified as complete and correct, subject to changes resulting from year-end adjustments, by an officer of the General Partner on behalf of the Debtor;

(ii) Annual Statements -- as soon as practicable after the end of each fiscal year of each of the Debtor and the General Partner and in any event within ninety days (90) days thereafter, four (4) copies of:

(A) a balance sheet of the Debtor, the General Partner and, upon request therefor by the Bank, each Major Limited Partner as at the end of such year, and

(B) a statement of income and of surplus of the Debtor, the General Partner and, upon request therefor by the Bank, each Major Limited Partner for such fiscal year,

all in reasonable detail and (except for the statements of the Major Limited Partners) accompanied by an opinion thereon of independent certified public accountants of recognized national standing and reasonably satisfactory to the Bank, which opinion shall state that such financial statements fairly present the financial condition of the Debtor (or the General Partner, as the case may be) have been prepared in accordance with generally accepted accounting principles consistently applied (except for changes in application which such accountants concur) and that the examination of such accountants in connection with such financial statements has been made in accor-

dance with generally accepted auditing standards, and accordingly included such tests of accounting records and such other auditing procedures as were considered necessary in the circumstances;

(iii) Audit Reports--promptly upon receipt thereof, one copy of each report relating to the financial condition of the Debtor or the General Partner submitted to the Debtor or the General Partner by independent accountants in connection with any annual, interim or special audit made by them of the books of the Debtor; provided, however, that such reports shall not be required to include a statement that such accountants have no notice of the occurrence of the Events of Default described in Section 5.1(c) or (d) hereof.

(iv) Notice of Default or Event of Default--immediately upon becoming aware of the existence of any condition or event which constitutes a Default or an Event of Default a written notice specifying the nature and period of existence thereof and what action the Debtor or the General Partner or Major Limited Partner (as the case may be) is taking or proposes to take with respect thereto;

(v) Notice of Claimed Default--immediately upon becoming aware that the holder of any evidence of indebtedness of the Debtor or the General Partner or any Major Limited Partner or other security of the Debtor or the General Partner or any Major Limited Partner has given notice or taken any other action with respect to a claimed default or event of default, a written notice specifying the notice given or action taken by such holder and the nature of the claimed default or event of default and what action the Debtor or the General Partner or Major Limited Partner (as the case may be) is taking or proposes to take with respect thereto; and

(vi) Requested Information--with reasonable promptness, such other data and information as from time to time may be reasonably requested by the Secured Party, subject to the requirement that the Secured Party shall exercise reasonable efforts to keep such information confidential as set forth in the proviso in subparagraph (d) of this Section.

(c) Officer's Certificates. Each set of financial statements delivered to the Secured Party pursuant to this Section will be accomplished by an Officer's Certificate setting forth:

(i) Event of Default--that the signer has reviewed the relevant terms of this Security Agreement, and the Term Loan Agreement and has made, or caused to be made, under his supervision, a review of the transactions and conditions of the Debtor from the beginning of the accounting period covered by the income statements being delivered therewith to the date of the certificate and that such review has not disclosed the existence during such period of any condition or event which constitutes a Default or an Event of Default or, if any such condition or event existed or exists, specifying the nature and period of existence thereof and what action the Debtor has taken or proposes to take with respect thereto.

(d) Inspection. The Debtor will permit any representatives of the Secured Party, at the Secured Party's request, to visit and inspect any of the properties of the Debtor to examine all its books of account, records, reports and other papers, to make copies and extracts therefrom, and to discuss their respective affairs, finances and accounts with their respective officers, employees and independent public accountants (and by this provision the Debtor authorizes said accountants to discuss the finances and affairs of the Debtor) all at such reasonable times and as often as may be reasonably requested; provided that if required by the Debtor, the Secured Party, as a condition to being permitted to make any such inspection, shall certify that the Secured Party shall exercise reasonable efforts to maintain as confidential any information that the Secured Party or its representatives derive from such inspection (to the extent not otherwise publicly available), subject to any laws or regulations requiring the Secured Party to disclose any such information (it being understood that the Secured Party will use its best efforts to give the Debtor reasonable advance notice of any such required disclosure to the public of material information not previously publicly available).

### SECTION 3. RELEASE OF PROPERTY.

3.1. Release of Property. So long as no Event of Default hereunder has occurred and is continuing, the Secured Party shall execute a release in respect of any Item of Equipment designated by the Debtor as having suffered a Casualty Occurrence pursuant to Section 4.1 hereof upon receipt from the Debtor of written notice designating the Item of Equipment released and the receipt from the Debtor of the Casualty Value payment for such Equipment in compliance with Section 4.1 hereof.

3.2. Release of Equipment - Consent of Secured Party. Except as provided in Section 3.1 hereof, the Debtor

may not sell or otherwise dispose of any Equipment then subject to the lien of this Security Agreement, unless the Secured Party shall give its prior written consent thereto, and unless the proceeds of such disposition are made to the Secured Party as a prepayment (together with any premium thereon) in accordance with Section 1.5 of the Term Loan Agreement.

SECTION 4. CASUALTY OCCURRENCES; APPLICATION OF ASSIGNED RENTALS AND CERTAIN OTHER MONEYS RECEIVED BY THE SECURED PARTY.

4.1. Casualty Occurrences. In the event that any Item of Equipment shall become worn out, lost, stolen, destroyed, irreparably damaged, permanently rendered unfit for use from any cause whatsoever (including the failure of the Debtor to make any Required Alteration, as defined in Section 2.16 hereof) or taken or requisitioned by condemnation or otherwise resulting in loss of possession by the Debtor for a period extending beyond the remaining term of the Note (each such occurrence being hereinafter called a "Casualty Occurrence"), the Debtor shall, promptly following such occurrence and in any event not later than the next succeeding date upon which an installment of principal or interest is payable on the Note, deliver to the Secured Party a certificate of the Debtor describing such Item of Equipment and the nature of the Casualty Occurrence and stating the Casualty Value of such Item as such payment date, and on such payment date the Debtor, in addition to the payments of principal and interest otherwise due on the Note, shall pay an amount equal to the Casualty Value of such Item of Equipment as of such date, which amount shall be applied to the prepayment of the installments of principal on the Note in the inverse order of their maturities. As applied to any Items of Equipment on any such payment date the "Casualty Value" thereof shall mean an amount equal to the product of (a) a fraction, the numerator of which is an amount equal to the original purchase price of Items having suffered a Casualty Occurrence and the denominator of which is the aggregate original purchase price of Items then subject to this Security Agreement (including the Item or Items of Equipment for which settlement is then being made), times (b) the unpaid principal amount of the Note after payment of the installment of principal made or to be made on such date provided for in Section 4.2 hereof.

4.2. Application of Rents. As more fully set forth in Sections 1.2, 1.3 and 1.5 hereof, the Debtor has hereby granted to the Secured Party a security interest in rents, issues, profits, income and other sums due and to become due under the Collateral Documents in respect of the Equipment as security for the Note and its obligations under the Term Loan

Agreement. So long as no Event of Default hereunder has occurred and is continuing:

(a) The amounts from time to time received by the Secured Party which constitute payments under the Collateral Documents shall be applied: (i) first, to the payment of the installments of principal and interest (and in each case first to interest and then to principal) on the Note which have matured or will mature on or before the date a payment of principal or interest is due on the Note next following receipt by the Secured Party of such payments, (ii) second, to payment of any other Indebtedness then due and owing and (iii) the balance, if any, of such amounts shall be paid to or upon the order of the Debtor.

(b) The amounts received by the Secured Party from time to time which constitute proceeds of casualty insurance maintained by the Debtor in respect of the Equipment shall be held by the Secured Party as a part of the Collateral and shall be applied by the Secured Party from time to time to any one or more of the following purposes:

(i) So long as no Event of Default has occurred and is continuing to the knowledge of the Secured Party, the proceeds of such insurance shall, if the Item of Equipment is to be repaired, be released to the Debtor as reimbursement for expenditures made for such repair upon receipt by the Secured Party of a copy of the invoice or invoices covering such repairs and a certificate of an authorized officer of the Debtor to the effect that any damage to such Item in respect of which such proceeds were paid has been fully repaired; and

(ii) If the insurance proceeds shall not have been released to the Debtor pursuant to the preceding clause (i) within one hundred eighty (180) days from the receipt thereof by the Secured Party, or if within such period the Debtor shall have notified the Secured Party in writing that such Item has suffered a Casualty Occurrence, then, so long as no Event of Default hereunder has occurred and is continuing to the knowledge of the Secured Party, the insurance proceeds shall be applied by the Secured Party as follows:

(A) First, to the payment of any Indebtedness then due and owing, first to any fees then owing, then to interest and then to principal; and

(B) Second, to the prepayment of the Note, without penalty or premium all in the manner and to the extent provided for by Section 4.1 hereof; and

(C) Third, the balance, if any, of such insurance proceeds held by the Secured Party after making the applications provided for by the preceding sub-clauses (A) and (B) shall be released to or upon the order of the Debtor.

(D) All amounts received by the Secured Party under this Section shall be invested in either obligations issued or guaranteed by the United States or short-term certificates of deposit issued by a commercial bank organized under the laws of the United States or any state thereof and having a combined capital and surplus in excess of \$20,000,000.00. The income from such investment shall be applied to the payment of the installments of principal and interest then due on the Note after the prior payment of any expenses relating to such investment. If for any reason such expenses shall exceed such income, such excess shall be paid by the Debtor on demand by the Secured Party.

(E) The Secured Party shall be obligated to promptly notify the Debtor of all receipts of funds relating to the Collateral Documents or Casualty Insurance.

4.3. Default. If a Default or an Event of Default hereunder has occurred and is continuing, all amounts received by the Secured Party pursuant to Sections 1.2 and 1.3 hereof shall be applied in the manner provided for in Section 5 hereof in respect of proceeds and avails of the Collateral.

#### SECTION 5. DEFAULTS AND OTHER PROVISIONS.

5.1. Events of Default. The term "Event of Default" for all purposes of this Security Agreement shall mean one or more of the following:

(a) default in payment of an installment of the principal of, or interest on, the Note or any other Indebtedness when and as the same shall become due and payable, whether at the due date thereof or at the date fixed for prepayment or by acceleration or otherwise, and any such default shall continue unremedied after written notice thereof for more than five (5) business days; or

(b) default by the Debtor or the General Partner, in the due observance or performance of any covenant or agreement (other than payments described in clause (a) above) either under this Security Agreement, or the Term Loan Agreement or default by the Debtor or the General Partner or any

Limited Partner in the due observance or performance of any covenant or agreement (other than payments described in clause (a) above) under any Loan Document to which such Person is a party, and such default shall continue unremedied for thirty (30) calendar days after notice thereof to the Debtor the General Partner or such Limited Partner (as the case may be) from the Secured Party; or

(c) the occurrence of any one or more of the Events of Default (as therein defined) under that certain Credit Agreement between the Bank and the General Partner dated March 29, 1979, as amended by amendments thereto dated September 17, 1979, February 21, 1980, March 16, 1981 and March 17, 1982 (as so amended, the "Credit Agreement"); or

(d) the occurrence of any one or more of the Events of Default (as therein defined) under that certain Revolving Credit Loan Agreement dated July 13, 1978 between the Bank and Wilsey Foods, Inc., a Delaware corporation; or

(e) the occurrence of any Event of Default (as therein defined) under that certain Security Agreement-Trust Deed from the Debtor to The Connecticut Bank and Trust Company dated May 1, 1982; or

(f) the General Partner shall cease to comply with any of the covenants stated in Article VI of the Credit Agreement, regardless of whether the Credit Agreement shall be in full force and effect; or

(g) any of the Loan Documents shall cease to be in full force and effect or any party thereto shall assert that such party shall have no further obligation thereunder; or

(h) any representation or warranty made herein, or in the Term Loan Agreement or in any report, certificate, financial or other statement furnished in connection with this Security Agreement, or the Term Loan Agreement or the transactions contemplated therein shall prove to have been false or misleading in any material respect when made or furnished; or

(i) the Debtor shall default in the performance of any of its obligations under the Management Agreement; or

(j) the Debtor shall default in the performance of any of its obligations under the Lease; or

(k) any claim, lien or charge shall be asserted against or levied or imposed upon the Equipment which is prior to or on a parity with the security interest granted hereunder, and such claim, lien or charge shall not be discharged

or removed within thirty (30) calendar days after written notice from the Secured Party demanding the discharge or removal thereof; or

(l) the Debtor shall at any time fail to maintain insurance in the manner required by Section 2.14 hereof; or

(m) the Debtor shall make or permit any assignment or transfer of the Collateral Documents, or of possession of the Equipment, or any portion thereof not permitted by this Security Agreement; or

(n) the Debtor or the General Partner commences a voluntary case under any bankruptcy law or similar law for relief of debtors or the Debtor or the General Partner fails to pay its debts as such debts become due or consents to the appointment of a custodian, trustee or receiver for the Debtor or the General Partner, as the case may be, or the major part of the Debtor's or the General Partner's property or makes an assignment for the benefit of any creditors of the Debtor or the General Partner or enters into an agreement of composition with such creditors; or

(o) a custodian, trustee or receiver is appointed for the Debtor or the General Partner or the major part of the property of the Debtor or the General Partner and is not discharged within thirty (30) days after such appointment; or

(p) a decree or order for relief by a court having jurisdiction in respect of the Debtor or the General Partner is entered in an involuntary case under any bankruptcy law or similar law for the relief of debtors and such decree or order shall remain unstayed and in effect for thirty (30) days following such entry, or bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other proceedings for relief under any bankruptcy law or similar law for the relief of debtors are instituted by or against the Debtor or the General Partner, and if instituted against the Debtor or the General Partner are consented to or are not dismissed within thirty (30) days after such institution; or

(q) any Major Limited Partner commences a voluntary case under any bankruptcy law or similar law for relief of debtors, or any Major Limited Partner fails to pay its debts as such debts become due or consents to the appointment of a custodian, trustee or receiver for such Major Limited Partner, or the major part of such Major Limited Partner's property or makes an assignment for the benefit of any creditors of such Major Limited Partner or enters into an agreement of composition with such creditors; or a custodian, trustee or receiver is appointed for any Major Limited Partner or the major part of the property of any Major Limited Partner and is not dis-



charged within thirty (30) days after such appointment; or a decree or order for relief by a court having jurisdiction in respect of any Major Limited Partner is entered in an involuntary case under any bankruptcy law or similar law for the relief of debtors and such decree or order shall remain unstayed and in effect for thirty (30) days following such entry, or bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other proceedings for relief under any bankruptcy law or similar law for the relief of debtors are instituted by or against any Major Limited Partner, and if instituted against any Major Limited Partner are consented to or are not dismissed within thirty (30) days after such institution; provided however that the occurrence of an Event of Default under this Section 5.2(g) shall be deemed to be cured, if within five (5) days after the occurrence thereof, the Borrower shall deliver to the Bank an irrevocable letter of credit in favor of the Bank issued by a bank reasonably satisfactory to the Bank in an amount equal to the product of the Indebtedness then outstanding multiplied by a fraction whose numerator is the number of Pool II Units stated to be owned by such Major Limited Partner in the Limited Guaranty of such Major Limited Partner delivered to Bank on the Closing Date and whose denominator is 60.

5.2. Secured Party's Rights. The Debtor agrees that when any Event of Default hereunder has occurred and is continuing, the Secured Party shall have the rights, options, duties and remedies of a secured party, and the Debtor shall have the rights and duties of a debtor, under the Uniform Commercial Code of California (regardless of whether such Code or a law similar thereto has been enacted in a jurisdiction wherein the rights or remedies are asserted) and without limiting the foregoing, the Secured Party may exercise any one or more or all, and in any order, of the remedies hereinafter set forth, it being expressly understood that no remedy herein conferred is intended to be exclusive of any other remedy or remedies; but each and every remedy shall be cumulative and shall be in addition to every other remedy given herein or now or hereafter existing at law or in equity or by statute:

(a) the Secured Party may by notice in writing to the Debtor, declare the entire unpaid balance of the Note and all other Indebtedness to be immediately due and payable, and thereupon all such unpaid balance and all other Indebtedness, together with all accrued interest thereon, shall be and become immediately due and payable;

(b) the Secured Party, personally or by agents or attorneys, shall have the right (subject to compliance with any applicable mandatory legal requirements) to take immediate

possession of the Collateral, or any portion thereof, and for that purpose may pursue the same wherever it may be found, and may enter any of the premises of the Debtor, with or without notice, demand, process of law or legal procedure, and search for, take possession of, remove, keep and store the same, or use and operate or lease the same, until sold;

(c) in the event the Secured Party shall demand possession of the Equipment then, without limiting the provisions of subparagraph (b) above, the Debtor shall forthwith deliver possession of the Equipment to the Secured Party in good order and repair. For the purposes of delivering possession of any Equipment to the Secured Party as above required, the Debtor shall, at its own cost and expense, forthwith:

(i) assemble such Equipment and place them upon such storage tracks within the continental United States as the Secured Party shall reasonably designate;

(ii) provide storage at the risk of the Debtor for such Equipment on such storage tracks until the Secured Party shall have sold or leased the Equipment;

(iii) cause the Equipment or any thereof to be transported at the cost of the Debtor to such place or places within the continental United States as the Secured Party shall direct; and

(iv) maintain at its expense insurance coverage as required by Section 2.14 hereof for the entire period of such assembly, storage and transport.

The assembling, delivering, storing and transporting of the Equipment as hereinabove provided are of the essence of this Security Agreement, and upon application to any court of equity having jurisdiction in the premises, the Secured Party shall be entitled to a decree against the Debtor requiring specific performance of the covenants of the Debtor so to assemble, deliver, store and transport the Equipment;

(d) The Secured Party may, if at the time such action may be lawful and always subject to compliance with any mandatory legal requirements, either with or without taking possession and either before or after taking possession, and without instituting any legal proceedings whatsoever, and having first given notice of such sale by registered mail to the Debtor once at least ten (10) days prior to the date of such sale, and any other notice which may be required by law, sell and dispose of said Collateral, or any part thereof, at

public auction to the highest bidder, in one lot as an entirety or in separate lots, and either for cash or on credit and on such terms as the Secured Party may determine, and at any place (whether or not it be the location of the Collateral or any part thereof) designated in the notice above referred to. Any such sale or sales may be adjourned from time to time by announcement at the time and place appointed for such sale or sales, or for any such adjourned sale or sales, without further published notice, and the Secured Party may bid and become the purchaser at any such sale;

(e) The Secured Party may proceed to protect and enforce this Security Agreement and the Note by suit or suits or proceedings in equity, at law or in bankruptcy, and whether for the specific performance of any covenant or agreement herein contained or in execution or aid of any power herein granted, or for foreclosure hereunder, or for the appointment of a receiver or receivers for the Collateral or any part thereof, for the recovery of judgment for the indebtedness hereby secured or for the enforcement of any other proper, legal or equitable remedy available under applicable law; and

(f) The Secured Party may proceed to exercise all rights, privileges and remedies of the Debtor under the Collateral Documents, and may exercise all such rights and remedies either in the name of the Secured Party or in the name of the Debtor for the use and benefit of the Secured Party.

5.3. Acceleration Clause. In case of any sale of the Collateral, or of any part thereof, pursuant to any judgment or decree of any court or otherwise in connection with the enforcement of any of the terms of this Security Agreement, the principal of the Note, if not previously due, and all other Indebtedness, and the interest accrued thereon, shall be immediately due and payable; also, in the case of any such sale, the Secured Party (if the Secured Party is a purchaser of any part of the Collateral) shall be entitled to turn in and use the Note (including any claims for interest matured and unpaid thereon) and any other Indebtedness for the purpose of making settlement for or payment of the purchase price.

5.4. Effect of Sale. Any sale, whether under any power of sale hereby given or by virtue of judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of the Debtor in and to the property sold, shall be a perpetual bar, both at law and in equity, against the Debtor, its successors and assigns, and against any and all persons claiming the property sold or any part thereof under, by or through the Debtor, its successors or assigns.

5.5. Waiver by Debtor. To the extent permitted by law, the Debtor covenants that it will not at any time insist upon or plead, or in any manner whatever claim or take any benefit or advantage of, any stay or extension law now or at any time hereafter in force, nor claim, take or insist upon any benefit or advantage of or from any law now or hereafter in force providing for the valuation or appraisal of the Collateral or any part thereof prior to any sale or sales thereof to be made pursuant to any provision herein contained, or to the decree, judgment or order of any court of competent jurisdiction; nor, after such sale or sales, claim or exercise any right under any statute now or hereafter made or enacted by any state or otherwise to redeem the property so sold or any part thereof, and, to the full extent legally permitted, hereby expressly waives for itself and on behalf of each and every person, except decree or judgment creditors of the Debtor acquiring any interest in or title to the Collateral or any part thereof subsequent to the date of this Security Agreement, all benefit and advantage of any such law or laws, and covenants that it will not invoke or utilize any such law or laws or otherwise hinder, delay or impede the execution of any power herein granted and delegated to the Secured Party, but will suffer and permit the execution of every such power as though no such power, law or laws had been made or enacted.

5.6 Application of Sale Proceeds. The purchase money proceeds and/or avails of any sale of the Collateral, or any part thereof, and the proceeds and the avails of any remedy hereunder shall be paid to and applied as follows:

(a) First, to the payment of costs and expenses of foreclosure or suit, if any, and of such sale, and of all proper fees, expenses, liabilities and advances, including legal expenses and attorneys' fees, incurred or made hereunder by the Secured Party, and of all taxes, assessments or liens superior to the lien of these presents, except any taxes, assessments or other superior lien subject to which said sale may have been made;

(b) Second, to the payment to the holder of the Note of the amount then owing or unpaid on the Note in the following order: (1) prepayment fee; (2) interest; and (3) principal.

(c) Third, to the payment of all other Indebtedness; and

(d) Fourth, to the payment of the surplus, if any, to the Debtor, its successors and assigns, or to whomsoever may be lawfully entitled to receive the same.

5.7. Discontinuance of Remedies. In case the Secured Party shall have proceeded to enforce any right under this Security Agreement by foreclosure, sale, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then and in every such case the Debtor and the Secured Party shall be restored to their former positions and rights hereunder with respect to the property subject to the security interest created under this Security Agreement.

5.8. Cumulative Remedies. To the extent permitted by applicable law, no delay or omission of the Secured Party to exercise any right or power arising from any default on the part of the Debtor shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default. No waiver by the Secured Party of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom, except as may be otherwise provided herein. No remedy hereunder is intended to be exclusive of any other remedy but each and every remedy shall be cumulative and in addition to any and every other remedy given hereunder or otherwise existing; nor shall the giving, taking or enforcement of any other or additional security, collateral or guaranty for the payment of the indebtedness secured under this Security Agreement operate to prejudice, waive or affect the security of this Security Agreement or any rights, powers or remedies hereunder, nor shall the Secured Party be required to first look to, enforce or exhaust such other or additional security, collateral or guaranties.

5.9. Waivers, Consents and Amendments to Security Agreement and Notes. Compliance with any term, covenant, agreement or condition of this Security Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only if the Secured Party shall give its prior written consent thereto. This Security Agreement and the Note may also be amended from time to time by written agreements expressly amending the same and executed by the Debtor and the Secured Party:

(a) to subject other property to the lien and security interest hereof, to add further covenants and conditions to be observed by the Debtor for the further security of the Secured Party, or to cure any ambiguity or to correct any defective or inconsistent provisions herein or in any such amendment contained; and

(b) to make any other changes in the provisions of this Security Agreement and/or the Note.

SECTION 6. MISCELLANEOUS.

6.1. Successors and Assigns. Whenever either of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all the covenants, premises and agreements in this Security Agreement contained by or on behalf of the Debtor, or by or on behalf of the Secured Party, shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not.

6.2. Partial Invalidity. The unenforceability or invalidity of any provision or provisions of this Security Agreement shall not render any other provision or provisions herein contained unenforceable or invalid.

6.3. Communications. All communications provided for herein shall be in writing and shall be deemed to have been given (unless otherwise required by the specific provisions hereof in respect of any matter) when delivered personally or when deposited in the United States mail, registered, postage prepaid, addressed as follows:

If to the Debtor:

WFIX Partners  
c/o Wilsey Foods, Inc.  
633 Mission Road  
Los Angeles, California 90023

If to the Secured Party:

Golden State Sanwa Bank  
300 Montgomery Street  
San Francisco, California 94104  
Attention: Toichiro Yamanaka

or to the Debtor or the Secured Party at such other address as the Debtor or the Secured Party may designate by notice duly given in accordance with this Section to the other parties.

6.4. Release. The Secured Party shall release this Security Agreement and the security interest granted hereby by proper instrument or instruments upon presentation of satisfactory evidence that all indebtedness hereby secured has been fully paid or discharged.

6.5. Definitions. All terms defined in the Term Loan Agreement and not otherwise defined herein shall have the same meaning herein as ascribed to therein.

6.6. Governing Law. This Security Agreement and the Notes shall be construed in accordance with and governed by the laws of the State of California.

6.7. Counterparts. This Security Agreement may be executed, acknowledged and delivered in any number of counterparts, each of such counterparts constituting an original but all together only one instrument.

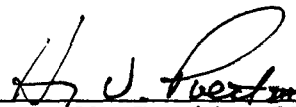
6.8. Headings. Any headings or capitons preceding the text of the several Sections hereof are intended solely for convenience of reference and shall not constitute a part of this Security Agreement nor shall they affect its meaning, construction or effect.

6.9. Entire Agreement. This Security Agreement and the Exhibits hereto set forth the entire agreement and understanding of the parties hereto and supersede all prior agreements and understandings relating to the subject matter hereof.

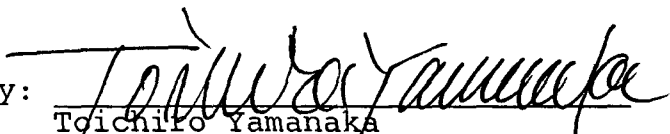
IN WITNESS WHEREOF, the Debtor has caused this Security Agreement to be executed and Secured Party in evidence of its acceptance hereof has caused this Security Agreement to be executed on its behalf by one of its authorized officers and its corporate seal to be hereunto affixed, all as of the day and year first above written.

WFIX PARTNERS, a California Limited Partnership

By: Wilsey, Bennett Co.,  
a California Corporation  
and General Partner of WFIX Partners

By:   
Henry W. Poett, III  
Its President

GOLDEN STATE SANWA BANK,  
a California banking corporation

By:   
Toichiro Yamanaka  
Its Vice President

APPENDIX 1

DESCRIPTION OF EQUIPMENT


<u>Number of Items</u>	<u>Description</u>	<u>Identifying Mark and Numbers (Inclusive)</u>
30	Railroad Tank Cars Manufactured by ACF Industries Incorporated	WFIX 201 through WFIX 230



NOTARY PAGE

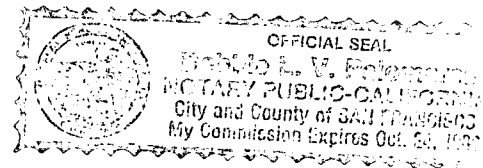
STATE OF CALIFORNIA           )  
  ) SS  
COUNTY OF SAN FRANCISCO    )

On this 25 day of January, 1983, before me personally appeared Henry W. Poett, III, to me personally known, who being by me duly sworn, says that he is the President of WILSEY, BENNETT CO., a California corporation which is the General Partner in WFIX Partners, a California limited partnership, that said instrument was signed on behalf of said limited partnership by said corporation as General Partner thereof pursuant to the authority of its Board of Directors; and he acknowledged to me that said corporation executed the foregoing instrument pursuant to its by-laws or a resolution of its Board of Directors and as the free act and deed of said corporation as the General Partner of and on behalf of said limited partnership.

  
Notary Public

(SEAL)

My commission expires: Oct. 24, 1986



STATE OF CALIFORNIA           )  
  ) SS  
COUNTY OF SAN FRANCISCO    )

On this \_\_\_\_ day of January, 1983, before me personally appeared Toichiro Yamanaka, to me personally known, who being by me duly sworn, says that he is a Vice President of GOLDEN STATE SANWA BANK, a California banking corporation, that said instrument was signed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

  
Notary Public

(SEAL)

My commission expires: Oct. 24, 1986

